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TESTIMONY ON SB 576
Corporate Income Tax - Combined Reporting

Senate Budget and Tax Committee
March 7, 2023

SUPPORT

Maryland Rise is a non-partisan, not-for-profit organization working to promote economic opportunity for all Marylanders, not just the wealthy and well-connected.

Maryland Rise supports proposals focused on eliminating loopholes and tax breaks that benefit special interests and fixing our upside-down tax code, which allows the wealthiest individuals to pay the smallest share of their income in state and local taxes. We believe large, profitable corporations should pay what they truly owe in taxes and not expect working families to continue to subsidize more than their share of taxes that support our roads, schools, and infrastructure.

Maryland Rise supports SB 576, which closes a major corporate tax loophole by enacting combined reporting.

Enacting combined reporting would change how corporate income tax is calculated and provide a more complete and accurate accounting of the profits corporations earn from their activities in Maryland than the current method. This legislation prevents companies from reducing their taxable profits by artificially shifting revenue out of state because it treats a parent company and its subsidiaries as one corporation for state income tax purposes.

This legislation could generate more than \$200 million in annual revenue for the state once fully implemented. This long-term revenue source can help ensure the state keeps its commitment to students by fully funding the Blueprint for Maryland's Future while also maintaining and strengthening other essential public services.

We must choose whether to commit to the investments necessary for thriving communities, or to

instead continue to prioritize tax breaks that benefit powerful special interests but do nothing to help our economy. Our coalition urges our legislators to commit to Maryland's working families and the future of our economy.

Therefore, we urge a favorable report on Senate Bill 576